

# EAST CAPITAL

30 March 2012  
Monthly product sheet

# East Capital (Lux) Eastern European Fund

## Fund facts

Risk	High
Investment Manager	East Capital AB
Type	SICAV UCITS IV fund
Launch date	Class A (EUR & USD) 12.12.2007
Quotation	Daily
Benchmark	MSCI EM Europe Index Total Return (net)
Dividend	No
Management fee	Institutional 2%, Retail 2.5%
Subscription fee	Max 5%
Redemption fee	0%
Domicile	Luxembourg
Currency	EUR and USD
NAV per unit, Class A	69.82 EUR (30.03.2012) 64.08 USD (30.03.2012)
Total fund size	EUR 102m (30.03.2012) USD 137m (30.03.2012)
Number of holdings	151 (30.03.2012)
ISIN code Class A EUR	LU0332315638
ISIN code Class A USD	LU0332315471

## Portfolio comments

Most equity markets took a breather in March after a very strong start to the year. Profit taking and increasing concerns about the economic outlook in China and the US were the main reasons behind the small correction. A handful of frontier markets in Eastern Europe did, however, manage to stay in positive territory in March. Slovenia, Croatia, Kazakhstan, Estonia and Romania were among the best performers, gaining a couple of percent. Turkey was a notable outperformer among the larger markets, gaining 0.4%, even though the TRY depreciated against the USD. Poland and Russia were hit harder by the negative sentiment, dropping 3.5% and 5.6% respectively.

The biggest positive and negative contributors to the fund were all Russian. The reason behind the performance was more stock specific than general, as stocks within the same sector moved in different directions. Among the energy companies, Surgut NG gained 3.5% after reporting results removing uncertainty over its dividend yield on preferred shares, while Lukoil dropped 6.3% after releasing a 10-year strategy with capex exceeding market expectations. Due to increased concerns over a potential tax hike, which may result in a 30% earnings drop, Gazprom declined 8.2%.

Financials were not generally in favour, and Sberbank and Erste were among the worst contributors in the fund after falling 6.6% and 11% respectively. Sberbank was dragged down by the coming overhang from the placement of a 7.6% stake, despite strong FY2011 results, delivering an ROE of 28% on the back of loan growth of 35%.

The focus during the month was on company-specific adjustments within sectors rather than major changes across sectors and markets.

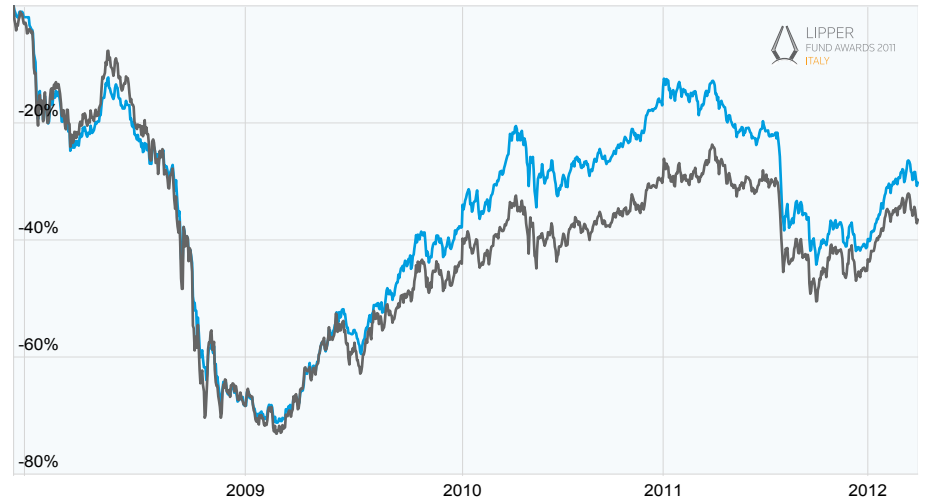
## Aim and investment strategy

East Capital's investment philosophy is based on a long-term perspective, fundamental analysis and active stock-picking, combining growth with value.

The East Capital (Lux) Eastern European Fund invests in shares of companies in the whole of Eastern Europe.

In order to capture the growth and the lowest valuations, the fund seeks investments in a very wide spectrum of countries, sectors and companies without country or sector limits. Two thirds of the portfolio consists of large or medium sized companies. The fund can have up to 10% of its net asset value invested in a single issuer, with most holdings being under 5%. The fund has a low turnover rate.

## Performance



- East Capital (Lux) Eastern European Fund Class A (EUR)
- Benchmark

Performance (%)	EC (Lux) EE Fund Class A		Benchmark <sup>1</sup>	
	USD	EUR	USD	EUR
March 2012	-3.2	-2.4	-4.3	-3.5
YTD	22.0	18.7	19.3	16.0
2011	-30.8	-29.1	-23.5	-21.5
2010	24.2	33.5	16.0	24.7
2009	98.4	96.2	77.5	75.6
2008	-68.6	-67.7	-68.4	-67.2
Since inception	-35.9	-30.2	-42.3	-36.5

Risk Measures <sup>2</sup>	EC (Lux) EE Fund Class A		Benchmark <sup>1</sup>	
	USD	EUR	USD	EUR
Volatility (%)	32	25	33	26
Sharpe ratio	0.9	1.0	0.8	0.9
Alpha (%)	16	16		
Beta (%)	0.9	0.9		
Tracking Error (%)	8	8		
Information Ratio	0.3	0.3		
Consistency (%)	53	53		

## 10 largest holdings

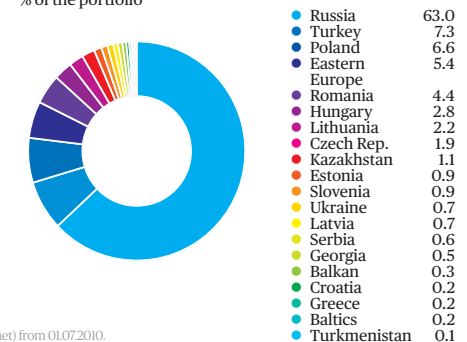
Company	% of the fund	1M change	Country	Sector
Lukoil	6.4	4.4	Russia	Energy
Surgut NG	6.3	2.4	Russia	Energy
Sberbank	6.0	3.2	Russia	Financials
Gazprom	5.1	1.1	Russia	Energy
M.Video	3.0	1.5	Russia	Consumer Discretionary
MRSK Holding	2.9	3.0	Russia	Utilities
Fondul Proprietatea	2.2	1.3	Romania	Financials
Erste Bank	2.1	1.1	Eastern Europe	Financials
Transneft	2.1	1.3	Russia	Energy
Bashneft	2.1	0.7	Russia	Energy

## Sector weighting

Sector	% of the portfolio	% of the benchmark
Energy	33.1	42.9
Financials	29.8	24.8
Utilities	8.8	6.7
Industrials	7.6	1.3
Consumer Discretionary	6.6	1.0
Telecommunication Services	6.5	8.7
Materials	3.5	9.6
Consumer Staples	3.1	4.2
Health Care	0.7	0.6
Information Technology	0.3	0.3

## Asset allocation by country

% of the portfolio



<sup>1</sup> MSCI EM Europe Index until 30.06.2010, MSCI EM Europe Index Total Return (net) from 01.07.2010.  
<sup>2</sup> Risk measures of the funds and their indices are based upon monthly data from the latest 3 years. Sharpe ratio is based on an annual risk free rate of return of 3%.

---

## Important notice

"The fund mentioned is a compartment of the East Capital (Lux) SICAV, an open-ended Luxembourg investment fund with multiple compartments organised as a "Société d'Investissement à Capital Variable, incorporated on 13 November 2006, with registered office 5, allée Scheffer, L-2520 Luxembourg. East Capital (Lux) SICAV is organised under Part I (UCITS) of the Luxembourg law of 17 December 2010 on undertakings for collective investment as amended, as a self-managed SICAV, for an unlimited period."

The custodian of the assets of the Fund is CACEIS Bank Luxembourg, 5, allée Scheffer, L-2520 Luxembourg. The information in this document shall not be regarded as an offer, solicitation or recommendation for an investment. This publication is not directed at you, if we are prohibited by any law of any jurisdiction from making this information available to you and is not intended for any use which would be contrary to local law or regulation. Consequently, the Fund may not be offered, sold or distributed in the United States to US citizens or residents of the United States, unless such offer, sale or distribution is made in accordance with any applicable exemption from any registration requirements provided by the United States securities laws. Prospective investors should inform themselves as to: (a) the legal requirements within their own jurisdictions for the purchase and holding of shares; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own jurisdictions relevant to the purchase, holding or disposal of shares. Every effort has been made to ensure the accuracy of the information herein, but it may be based on unaudited or unverified figures and sources. Historic yields are no guarantee for future yields. Fund shares can go up or down in value, and investors may not get back the amount invested.

The performance data do not take into account the commissions and costs incurred on the subscription and redemption of shares.

Before investing, please read the prospectus carefully. Full information such as the prospectus, the simplified prospectus, the articles of incorporation, the annual report, the semi-annual report and the portfolio movement can be obtained free of charge upon request from East Capital AB, Kungsgatan 30, Box 1364, SE-111 93 Stockholm, Sweden, from all the local representatives or information agents, or from our distributors.

---

## Registration information

The East Capital (Lux) funds are registered for public offering in Luxembourg, Switzerland, Germany, Austria, Sweden, Finland, Italy, Belgium, France, Hungary and the Netherlands. Due to the different registration proceedings, no guarantee can however be given that each fund compartment or share class is or will be registered in every jurisdiction and at the same time.

**Austria:** The East Capital (Lux) funds are admitted for public offering and distribution in Austria. Information and Paying Agent is UniCredit Bank Österreich AG, Schottengasse 6-8, A-1010 Wien.

**Belgium:** Only the A EUR share class of the East Capital (Lux) funds is registered for public offering in Belgium. Representative and Paying Agent is Fastnet Belgium SA, Avenue du Port 86 C b320, B-1000 Brussels.

**Finland:** The East Capital (Lux) funds are admitted for public offering and distribution in Finland.

**France:** The East Capital (Lux) funds may be distributed to investors in France. Centralising Correspondent is Caceis Bank, 1/3, Place Valhubert, 75013 Paris.

**Germany:** The East Capital (Lux) Funds are allowed for public offering in Germany. Information and Paying Agent in Germany is Marcard, Stein & Co AG, Ballindamm 36, D-20095 Hamburg.

**Hungary:** The East Capital (Lux) funds are admitted for public offering and distribution in Hungary. Distributor in Hungary is Concorde Értékpapír Zrt. 1123 Budapest, Alkotás u. 50. Further information in regards to the East Capital (Lux) funds may be obtained from the Hungarian distributor.

**Italy:** Only the A share class of the East Capital (Lux) funds is registered for public offering in Italy. Furthermore, for the East Capital (Lux) Eastern European Fund, only the A EUR share class is registered. In Italy, full information as listed above is also available from the distributors and an updated list of the distribution agents can be obtained from East Capital or from the Paying Agent, State Street Bank SpA, Via Col Moschin 16, 20136 Milan, Italy.

**Netherlands:** The East Capital (Lux) funds are admitted for public offering and distribution in the Netherlands.

**Sweden:** Representative Agent is SEB Merchant Banking, Custody Services, Global Funds, RB6, Rissneleden 100, SE 106 40 Stockholm.

**Switzerland:** The East Capital (Lux) funds are admitted for public offering and distribution in Switzerland. The Swiss Representative is Caceis Fastnet (Suisse) SA, Chemin de Précossy 7/9, Case Postale 2259, 1260 Nyon, Suisse and the Paying Agent is Credit Suisse Zahlstellendienst, UWAC Postfach 100, CH-8070 Zurich.

---

## Global Industry Classification Standard

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by East Capital. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

---

## MSCI data

**Source:** MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information.

MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information.

Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msicbarra.com](http://www.msicbarra.com))

---

## Contact details

### Stockholm

Kungsgatan 33, Stockholm  
Tel: +46 8 505 88 505  
Email: [info@eastcapital.com](mailto:info@eastcapital.com)

### Hong Kong

13/F, Wyndham Place, 40-44 Wyndham Street  
Central, Hong Kong  
Tel: +852 3655 0550-1  
Email: [hongkong@eastcapital.com](mailto:hongkong@eastcapital.com)

### Oslo

Kronprinsesse Märthas Plass 1, 4th Floor, Oslo  
Tel: +47 22 39 66 90  
Email: [oslo@eastcapital.com](mailto:oslo@eastcapital.com)

### Paris

39 Avenue d'Iéna, Paris  
Tel: +33 1 40 73 00 80  
Email: [paris@eastcapital.com](mailto:paris@eastcapital.com)